

SANDLER, REIFF, YOUNG & LAMB, P.C.
FEDERAL ELECTION COMMISSION

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OFFICE OF GENERAL COUNSEL

March 23, 2012

Via E-Mail and First Class Mail

Erik Morrison, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: RR 12L-04

Dear Mr. Morrison:

The undersigned serves as counsel to the National Organization for Women PAC and Allendra Letsome, in her official capacity as Treasurer ("NOW/PAC"). NOW/PAC is a separate segregated fund of the National Organization for Women, Inc. a non-profit membership organization established under section 501(c)(4) of the Internal Revenue Code ("NOW"). We are writing in response to the Commission's letter of February 3, 2012 in connection with the above- referenced referral from the Commission's Reports Analysis Division. For the reasons set forth below, NOW/PAC respectfully requests that OGC recommend that no further action be taken in this matter or, in the alternative, that this matter be referred to the Alternative Dispute Resolution Division for further proceedings.

This matter relates to comprehensive amendments filed by NOW/PAC for the calendar years 2008 through 2010, as well as an amendment to the 2011 February monthly report.

Although NOW/PAC acknowledges the reporting errors, the Commission should take the following factors into consideration when determining the proper disposition of this matter in its vote to find reason to believe and whether to refer this matter to Alternative Dispute Resolution:

- 1) Notwithstanding the fact that the referral report reflects \$226,853.14 in additional receipts, the overwhelming majority of the additional reporting was, in fact, internal transfers between account of NOW/PAC and its sponsoring organization. Thus, of the \$226,853.15, \$183,869.55 of that amount consisted of transfers between NOW/PAC and other accounts of the National Organization for Women. Accordingly, only \$42,983.56 of this amount was for actual PAC contributions received and other NOW/PAC operating activities. Of course, the amendments cited in the RAD referral were not limited to a couple of reports but spread out over a three year period. Thus, the average amount of additional activity per year, excluding the internal transfers, was only approximately \$14,000 per year.
- 2) The current officers and compliance staff of NOW/PAC came to office in July 2009, after a contested election for the NOW. The overwhelming majority of the misreporting cited in the RAD referral, including all of the unreported internal transfers, occurred prior to the election of the new officers in July 2009. The current officers of NOW/PAC are unable to discuss the circumstances regarding these errors with the prior officers of NOW/PAC.
- 3) At the time the new officers took control of NOW and NOW/PAC, NOW was in a deep financial crisis. At that time, the organization was approximately \$1,000,000 in debt and had to lay off over 2/3rd of its staff. It was under these circumstances that the new officers took control over the organization. At this time, NOW/PAC became a relatively moribund organization. These financial difficulties continue to this day.
- 4) During the first several months in office, it became apparent to the new officers of NOW/PAC that there was something wrong with the FEC reports. This issue became especially clear to them during the summer of 2010 when the committee's reports clearly did not reflect the committee's actual financial situation. It should be noted that, at that time, all financial reporting was being undertaken by staff who had no formal training on FEC compliance requirements.
- 5) Therefore, NOW/PAC undertook a project to identify the errors with the reports and ultimately decided to retain an outside FEC specialist to review and correct all reports filed with the Commission going back to January 1, 2008. It is believed that all reports filed prior to this date were materially correct.

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- 6) In March 2011, after a period of review and reconciliation, NOW/PAC, in concert with its consultant, voluntarily filed comprehensive amendments to its reports to correct these errors.
- 7) NOW/PAC has, and is in the process of refining its procedures to ensure that the reporting errors made in 2008 and 2009 are not repeated. This process will include additional training and review by an outside FEC consultant. NOW has spent considerable resources on correcting these problems notwithstanding its financial situation.

Based upon the above, we respectfully request that, if the Commission finds reason to believe a violation has occurred with respect to these reports the Commission should either send an admonishment letter to NOW/PAC and close this matter, or refer this matter to the Commission's Alternative Dispute Resolution department. The Commission should consider:

- 1) The errors cited in this referral, as a general matter, occurred under a prior set of officers of the organization.
- 2) Once the current officers identified the severity of the situation, it took immediate steps to file comprehensive amendments to its reports.
- 3) The organization has spent considerable resources to address its compliance needs and has sought the help of an outside FEC expert with several years of FEC compliance experience.
- 4) The organization is in deep financial distress and penalizing it in connection with this matter will only serve to divert scarce resources needed to ensure compliance with the Commission's reporting requirements.

If you have any further questions, please contact me at (202) 479-1111.

Respectfully submitted,



Neil P. Reiff
Counsel for
National Organization for Women
PAC and Allendra Letsome in her
official capacity as Treasurer

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